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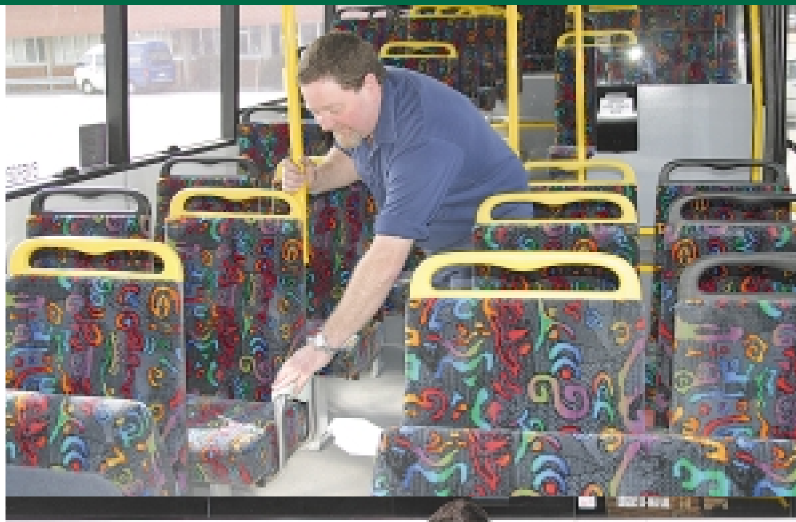


Introduction

The Principal objective of Metro Tasmania Pty Ltd is defined in the Metro Tasmania Act, 1997. It is:

"To provide, road passenger transport services in Tasmania and to operate those services in a manner consistent with sound commercial practice."

This legislation was enacted in February 1998 and established Metro Tasmania Pty Ltd as a State Owned Company operating under Corporations Law.

Metro Tasmania Pty Ltd has evolved from the former Metropolitan Transport Trust (MTT), which itself was formed in 1954 by the transfer of urban public transport services operated by the Hobart and Launceston City Councils to the Tasmanian Government. In 1959, MTT extended its operations to include urban bus services within the Burnie Municipality.

Metro provides a broad range of urban passenger transport bus services within Hobart, Launceston and Burnie, as well as between Wynyard, Burnie and Ulverstone and between Hobart and Bothwell. These services are specified within a Community Service Activity contract between Metro and the Department of Infrastructure, Energy and Resources (on behalf of the State Government). Full details of the general route services and special student services provided by Metro can be obtained by searching Metro's website at **www.metrotas.com.au**.

Metro also provides a range of local and statewide charter services, as well as special event and community services (such as for the Hobart Show).

In its Corporate Plan Metro has identified its vision as becoming *the best value-for-money road passenger transport service provider in Australia*. Metro's Corporate Plan also sets out the Goals, Targets and Strategic Actions that Metro will be pursuing in order to achieve this outcome. Anyone wishing to obtain a summary of Metro's Corporate Plan can do so by contacting Metro or by downloading the document from our website **www.metrotas.com.au**.

Metro also owns a subsidiary bus company, Metro Coaches (Tas) Pty Ltd, which operates regular passenger transport services between Hobart and Kingston, Blackmans Bay, the Channel, Richmond and New Norfolk.

Metro is the registered trading name of Metro Tasmania Pty Ltd, and Hobart Coaches is the registered trading name of Metro Coaches (Tas) Pty Ltd.

Company Directory

Nature of Business:	Provision of bus transport services.
Issued Capital:	Two shares of $1.00 each.
Registered Office:	212 Main Road Moonah, Tasmania
ABN Number:	30 081 467 281
Directors:	Mrs Sally Denny B Ec FCPA, FAICD, Chairperson Mr Michael Wisby B.Com, CA, MAICD, Deputy Chairperson Mrs Ketrina Clarke LLB MBA, FAICD, Barrister & Solicitor Ms Janie Dickenson Mr Fred Van Buren
Shareholders:	Crown of Tasmania
Senior Managers:	Mr Laurie Hansen, JP, MAICD, Chief Executive Officer Ms Anita Howell, Chief Financial Officer Mr Jack Lane, Manager Business Development Mr Tony Sim, Group Manager Operations and Engineering
Bankers:	Commonwealth Bank of Australia 81 Elizabeth Street Hobart, Tasmania
Auditor:	Auditor General

Principal Offices

HOBART

Address:	Head Office 212-220 Main Road, Moonah, Tas
Postal Address:	PO Box 61, Moonah, 7009
Telephone:	(03) 6233 4232
Facsimile:	(03) 6272 8770
The Metro Shop:	Hobart GPO Elizabeth Street Bus Mall Hobart, 7000

LAUNCESTON

Address:	168 Wellington Street, Launceston, Tas
Postal Address:	PO Box 578, Launceston, 7250
Telephone:	(03) 6336 5888
Facsimile:	(03) 6336 5899

BURNIE

Address:	28 Strahan Street, Burnie, Tas
Postal Address:	PO Box 182, Burnie, 7320
Telephone:	(03) 6431 3822
Facsimile:	(03) 6431 9336

STATEWIDE

Website:	www.metrotas.com.au
E-mail:	correspondence@metrotas.com.au

Metro and its controlled entity achieved a profit of $80,000 for the financial year. This is another pleasing result after the consolidated profit for last financial year of $413,000. These results are significant as Metro's contract arrangements are based on break-even outcomes.

It is also pleasing to report that the Government Prices Oversight Commission this year again concluded that Metro is the most efficient public sector bus operator in Australia and found that Metro was now on par with average private sector mainland bus operators.

A small decline in patronage was experienced in 2002/03 for both Metro (0.4%) and Hobart Coaches (0.7%). However patronage levels continue to be considerably better than the long term historical average of a 2.5% annual decline. The patronage results differed between Metro's three operating areas. In Hobart the increase was 0.1% and in Burnie 4.6%; whilst in Launceston patronage declined by 3.6%.

Overall, the recent growth experienced in adult concession patronage has eased in the year with a 0.5% increase over 2001/2 levels. Student patronage continues to fall, except in Burnie where student boardings increased by 8.4%. Adult patronage declined in all regions for the year.

Although marginal patronage declines have occurred over the last two financial years it is clear that Metro has had an impact in recent years in reducing the long-term trend of significant decline through measures such as the introduction of new types of services, the recent stability of timetables, and improved customer relations.   Patronage is also impacted by external factors such as availability and price of parking, employment levels and weather conditions.

Metro's fares for adult and tertiary student passengers were increased in September 2002. The Government sets the maximum fare increases that Metro can introduce after considering reports from the Government Prices Oversight Commission. No increases in fares for student and child passengers were approved in the year under review.   There has been no increase in Metro student fares since 1996.

In the Tasmanian economy, business confidence and employment conditions continued to improve over the year, and the population is once again increasing. However, there are also significant demographic changes taking place within the population that will have an increasingly significant impact on Metro's operations. There is an emerging decline in the number of school age children and an increase in the proportion of elderly Tasmanians. This is being reflected in a decline in the number of students carried and an increase in the level of concession travel. Metro's newly developed marketing plan addresses these changes.

Advertising revenue continued to perform below expectations as a result of the weak advertising market. However, there are already signs of an improvement being achieved in the new financial year.

Rising fuel prices were experienced during the year as a result of the war in Iraq and continue to remain volatile given uncertainties in world markets. Other costs have been the subject of close management control and this has contributed to a good financial result.

During the year Metro continued with its program to upgrade its vehicle fleet in order to progressively make its services fully accessible, particularly to wheelchair dependent passengers. This is in accordance with Metro's Disability Discrimination Act action plan. Metro took delivery of another six fully accessible standard rigid buses during the financial year and another ten buses have been delivered since June. Once these buses are in service a total of twenty three buses in the fleet will be wheelchair accessible. The program is ongoing with plans to purchase the equivalent of ten standard accessible buses a year, placing Metro ahead of the requirements of the Disability Discrimination Act.

A special accessible services timetable, which lists all services scheduled to use these buses, has been introduced for Hobart. Similar timetables will be introduced into Launceston and Burnie as the size of Metro's accessible fleet grows.

The improved accessibility is of course a benefit to all passengers not just those in wheelchairs.

Metro has been working closely with Tasmania Police to improve the reality and perception of safety for people using public transport. This initiative flowed from an internal review of the use of security personnel in light of the findings of the Tasmania Together process and the Transport and Fear of Crime Working Group (which was chaired by Metro). The "Police and Metro" program was launched in January 2003 on a six-month trial basis. Feedback from customers, Metro staff and the Police has been very positive and this program has now been extended for a further twelve months. Anecdotal evidence suggests that the increased Police presence is encouraging more people to try public transport and to "get out and about".

Metro is currently planning the implementation of a fully integrated bus service linking Kingston and Blackmans Bay to the rest of Hobart following a government election promise to this effect. The Kingston/Blackmans Bay area currently is largely serviced by Metro's subsidiary, Hobart Coaches. It is anticipated that this planning work will come to a successful fruition in 2003/04.

The transfer of these services to Metro will have a significant impact on the operations of Hobart Coaches. Careful consideration is therefore also being given to ensuring that Hobart Coaches remains a viable entity.

Metro Coaches (Tas) Pty Ltd performed well during 2002/3 and made a valuable contribution to Metro's results for the year. It recorded an operating profit of $47,000. This was despite a small decline in patronage of 0.7%. Patronage fell in Kingston and Blackmans Bay (1.8%), whilst increases were recorded for New Norfolk (1.7%) and Richmond (11.5%).

On behalf of the directors I would like to record our appreciation of the efforts of management and staff in achieving positive results for the company in a year that presented a number of challenges.

Sally Denny
CHAIRPERSON

The 2002/03 year has been another very significant one for Metro.

The Chairperson has addressed Metro's performance with respect to its two main performance indicators - patronage and the bottom line financial result, as well as outlining the key initiative of the "Police and Metro" program.

I would like to focus on a number of other events during the year. The first being two independent reviews of Metro's operations, with the Government Prices Oversight Commission's review of Metro's operations and secondly, the successful audit of Metro's quality control procedures for the purposes of gaining operator accreditation.

Government Prices Oversight Commission

Every three years the Government Prices Oversight Commission (GPOC) undertakes a review of Metro's pricing policies. This financial year saw GPOC undertake its third investigation with a final report handed down in June 2003.

GPOC's 2003 review covered:

- The efficiency of Metro's operations;
- The effectiveness of Metro's operations;
- The appropriateness of Metro's fares;
- The effectiveness of the service contract that Metro operates under in ensuring that the Government gets what it wants; and
- The suitability of the Metro Index as a measure of the costs faced by Metro.

GPOC again concluded that Metro is the most efficient public sector bus operator in Australia and also found that Metro was now on par with average private sector mainland bus operators. Metro is justifiably proud of these conclusions, and acknowledges the contributions made by all staff to this outcome.

GPOC identified some areas where it considered that additional efficiencies could be delivered and Metro will be looking at these in the next twelve months as part of the process of continuing to look for ways of doing things better.

In relation to service effectiveness GPOC found that Metro was an effective service provider in so far as they were able to measure effectiveness. However, it was also clear that GPOC had some difficulty in measuring effectiveness. Metro sympathises with GPOC in this regard and recognises that this is a difficult concept to properly define and measure. Effectiveness needs to be measured against criteria that properly describe what it is that Government want for their money. Metro is encouraged by work now being undertaken by the Department to help advance this matter as part of the process of developing a more performance based service contract.

GPOC made a series of recommendations relating to Metro fares. They argued that adult fares be progressively increased by no more than 10% each year over the next three years. Smaller increases are proposed for concession passengers. GPOC recommended that the fares for day-tickets be given special attention, possibly with a view to having two all-day tickets available - one a true all-day ticket and the other just for off-peak travel. GPOC recommended that student fares remain the same until Government undertakes an overall review of student fares. This provides a suitable framework for Metro to work within over the next three years.

GPOC looked in detail at the Metro Index and have recommended a series of changes designed to better reflect Metro's cost structures, and to bring the Metro Index more into line with the School Bus Index used by the private sector. Metro welcomes these changes.

Operator Accreditation

A key principle underpinning the Passenger Transport Act 1997 is the requirement for passenger transport operators to be accredited and have their quality control procedures independently audited to ensure the safety and reliability of their operations. In May 2003 Metro and Hobart Coaches had their quality control procedures audited. Not only was

the accreditation of both companies confirmed, but the procedures that had been established received very high praise. Metro places high importance on the quality, safety and reliability of its services. Metro fully supports the concept of operator accreditation and will continue to build on the work it has undertaken to further improve the effectiveness of its quality control systems for the benefit of both our customers and our staff.

Marketing Plan

Metro completed a Marketing Plan with the assistance of external consultants during 2002/03. The plan will become an integral part of the next Corporate Plan update, and will help shape the initiatives of the Company over the next three years in its attempts to better understand the market and the customers in order to tailor services to meet their needs. The marketing plan will also assist Metro in better communicating with its distinct markets, and promoting the "Metro" brand image.

Launceston Transit Centre

Metro commenced using the new Launceston Transit Centre on 9 September 2002. The project was part of the vision for Launceston held by the late John Lees, as Mayor of Launceston and Deputy Chairperson of the Metro Board.

Minor timetable changes were required on several routes to incorporate the Transit Centre into seventy eight inbound and seventy five outbound services on weekdays. The use of the Transit Centre provides an effective interface between regional bus services and Metro's local system within and around Launceston. Metro has leased the use of two bus stops for a period of ten years within the Transit Centre complex.

Sustainable Transport Strategies

A pleasing development from Metro's perspective is the growing environmental awareness in our community.

In 2002/03 Metro participated in the planning, conduct and support for the activities of Sustainable Transport Week. The week was established by the Hobart City Council as part of their response to global warming.

Metro recognises the importance of support for sustainable transport policies at the community level, which will then be reflected in public transport friendly policies by Governments at all levels - Local, State and Federal.

For too long the dominant influence on Government policy has been the private car and the independence associated with its use. Communities are more clearly recognising the important role that public transport has to play and are now looking more towards the positive role that public transport can play in delivering a better society for all, rather than relegating public transport to the role of carrying passengers that do not have access to a car for some reason.

As this change in attitude extends through the community we hope to see this reflected in an increasing degree of priority being given to public transport in everyone's thinking.

This might be reflected in the introduction of more bus priority lanes, or buses being given priority by more drivers when leaving bus stops, or by more employers offering annual bus passes as a "perk" to staff instead of a company car.

Metro Sponsorship

As part of Metro's strategy for increasing its community profile and as a consequence helping to promote long-term use of its services Metro has sponsored a broad range of sporting and community groups including:

- Football Tasmania (Tassie Mariners U16 and U18 representative teams);
- Tasmanian Cricket (Metro Cup junior program);
- Junior Netball;
- Tasmanian Pacing;

- Tasmanian Racing;
- Police Citizen and Youth Club Bridgewater;
- University Review;
- MRA Toy Run;
- CANTEEN;
- Road Safety Task Force;
- Southern Cross Special Children's Christmas Party;
- Operation NOAH;
- Seniors Week;
- Street Alive; and
- Poets Omnibus.

Metro in association with RACT, Police Golf Club and Liquor Association Golf Club joined together to stage a golf day on Friday 29 November at Claremont Golf Club. The day raised $17,500 and all proceeds were donated to the Starlight Children's Foundation and will be used to help fulfil a wish for four seriously ill children in Tasmania.

Laurie Hansen

Laurie Hansen
CHIEF EXECUTIVE OFFICER

Metro Statistics and Performance Indicators

Except as indicated, information regarding Metro's subsidiary, Hobart Coaches, has not been included in statistics and performance indicators. It is deemed that incorporation of such information would distort comparisons.

Timetabled Services

The number of first boardings by passenger category on timetabled services, excluding charter and contract services, were:-

Passenger	Number of Trips		% Composition		Increase (Decrease) to Previous Year
	2001/02 000's	2002/03 000's	2001/02 %	2002/03 %	%
Adult Fare	1,709	1,676	21.7	21.4	(1.9)
Adult Concession	2,891	2,906	36.7	37.1	0.5
Child & Student	3,269	3,255	41.5	41.5	(0.4)
TOTAL:	**7,869**	**7,837**	**100.0**	**100.0**	**(0.4)**

Note: Figures may not add up exactly due to rounding.

Prepaid Ticket Use by Fare Category (percentage of First Boardings Timetabled Services)

	Adult %	Adult Concession %	Child/Student %	Total All Categories %
1997/98	32.3	22.9	66.3(ii)	50.9(i)
1998/99	31.9	22.1	62.8(ii)	49.9(i)
1999/00	32.0	20.7	63.0(ii)	48.6(i)
2000/01	33.3	20.2	62.2(ii)	47.7(i)
2001/02	33.3	20.2	60.7(ii)	46.4(i)
2002/03	34.0	20.0	59.5(ii)	46.2(i)

(i) Total All Categories - free trips made by eligible school children are included as "pre-paids".

(ii) Child/Student statistics exclude free school trips.

Passenger Trips (number of passenger trips for the year including transfers, charter and contract services)

	Hobart	Launceston	Burnie	Total
1997/98	7,390,000	1,993,000	613,000	9,996,000
1998/99	7,165,000	1,855,000	548,000	9,568,000
1999/00	7,056,000	1,807,000	516,000	9,379,000
2000/01	7,167,000	1,950,000	509,000	9,626,000
2001/02	7,191,000	1,903,000	532,000	9,626,000
2002/03	7,177,000	1,819,000	546,000	9,542,000

Number of Buses in Service (as at 30 June 2003)

	Hobart Coaches Fleet	Metro Fleet			
		Hobart	Launceston	Burnie	Total
M.A.N.	1	11	9	2	23
Mercedes Benz	1	-	-	-	1
Scania	9	88	41	13	151
Scania Low Floor	-	13	-	-	13
Volvo Articulated	1	21	-	-	22
Hino Rainbow	-	3	-	-	3
	12	136	50	15	213

Engineering [i]

	2001/02	2002/03
Percentage of vehicles in excess of maximum daily demand	12.1	10.9

Work Performance [ii]

Average FTE's per vehicle	1.81	1.83
Sick leave days per full time equivalent employee	6.3	6.8
Number of work injuries	70	63
Number of employees at 30 June	405	411
Average FTE's during year	363.9[iii]	367.7[iii]
Number of employees entering service	36	40
Number of employees leaving service	40	34

(i) Includes Metro Coaches fleet.
(ii) Excludes Metro Coaches Statistics.
(iii) Apprentices who are employed under contract from regional training boards are excluded.

Web Site

Metro provides access to a wide range of information through its web-site; www.metrotas.com.au. The site is continually reviewed, upgraded and refreshed during the year. The site provides a comprehensive source of information on Metro and its services.

Some web page statistics for the year are:	2001/02	2002/03
• Requested items:	746,000	1,237,315
• Requested pages:	309,000	316,105
• Distinct hosts served:	14,000	18,906
• Data transferred:	13.0 Gbytes	29.45 Gbytes
• Average requests per day:	2,050	3,389
• Average data transferred per day:	36.6 Mbytes	82.64 Mbytes

The Directors of Metro Tasmania Pty Ltd submit herewith the financial report for the year ended 30 June 2003.

Principal Activities

The consolidated entity's principal activity in the course of the financial year was the provision of bus passenger transport services in the Tasmanian urban centres of Hobart, Launceston and Burnie and through its subsidiary company to Kingston/Blackmans Bay, Channel, Richmond and New Norfolk.

Overview of Operations

Metro and its controlled entity achieved a profit of $80,000 for the financial year. This is another pleasing result after the consolidated profit for last financial year of $413,000. These results are particularly significant as Metro's contract arrangements are based on break-even outcomes.

A small decline in patronage was experienced in 2002/03 for both Metro (0.4%) and Hobart Coaches (0.7%). Despite this, patronage levels continue to be considerably better than Metro's transport consultants' prediction of a 2.5% decline annually.

Further comment on operations are included in the Chairperson's Review and the Chief Executive Officer's Review.

Changes in State of Affairs

During the twelve months there was no significant change in the state of affairs of the entity other than that referred to in the financial statements or notes thereto.

Superannuation Declaration

The company has met its obligations under the Superannuation Guarantee (Administration) Act 1992 in respect of those employees who are members of a complying superannuation scheme to which Metro contributes. Metro also has a defined benefit scheme, under the Retirement Benefits Act 1993, which is subject to actuarial valuations and covers current and former employees.

Subsequent Events

There has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operation of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

Future Developments

Disclosure of information regarding likely developments in the operation of the entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the entity. Accordingly, this information has not been disclosed in this report.

Dividends

A dividend of $286,000 was provided for in the previous financial year and paid during the 2002/03 financial year.

Directors' Remuneration

Fees paid to Directors are set by the Minister representing the Crown. During the twelve months, no Director has received, or become entitled to receive, a benefit by reason of a contract made by the Company with a Director or with a firm of which he or she is a member or an entity in which he or she has a financial interest.

Indemnification of Directors and Officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all Executive Officers of the Company and its related body corporate against potential liabilities to the extent permitted by Corporations Law.

Corporate Governance

Corporate Governance is the system by which the activities of a company are controlled and coordinated in order for the company to achieve its desired outcomes.

Metro has developed and uses a corporate governance handbook that details the company's corporate governance procedures.

The role of the Board is to direct the management of Metro in meeting the aspirations of shareholders (the Crown).

The Board performs this role by:

- Appointing and monitoring the performance of the CEO;
- Clearly identifying and enunciating the strategic direction for Metro;
- Identifying and addressing the principal risks for Metro;
- Monitoring the conduct and performance of the company through an integrated framework of controls;
- Ensuring all Metro's business is conducted in an honest, open and ethical manner; and
- Ensuring adequate succession planning.

Internal Audit Committee

Metro has an Internal Audit Committee constituted of members of the Board which is chaired by the Chairperson of the Board. This committee closely monitors the operational and financial aspects of the Company's activities in conjunction with the internal auditors and develops strategies for action regarding financial and operational risks facing the Company.

Risk Management

The Company has developed appropriate responses to key financial risks. The Company has also identified the need to develop a comprehensive risk management strategy. Work commenced on this task during the 2002/03 financial year, and will be completed during the 2003/04 financial year.

Rounding Off of Amounts

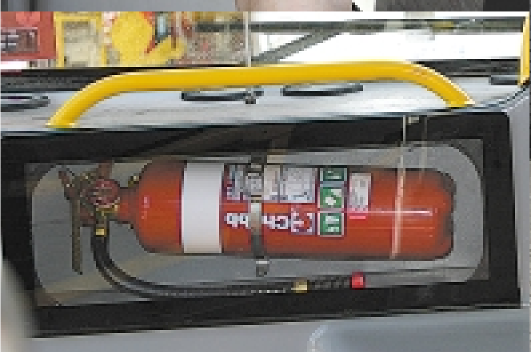
Metro is a company of the kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order amounts in the Directors Report and the Financial Report have been rounded off to the nearest thousand dollars.

Signed in accordance with the resolutions of the Directors made pursuant to Section 298 (2) of the Corporations Act 2001.

On behalf of the Directors.

Sally Denny
CHAIRPERSON OF DIRECTORS

26 September 2003
HOBART



Directors' Declaration

In the Directors' opinion:

(a) The attached statement of financial performance of the company gives a true and fair view of the company's profit for the financial year ended 30 June 2003;

(b) The attached statement of financial position of the company gives a true and fair view of the company's state of affairs as at 30 June 2003; and

(c) There are, when this statement is made out, reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors made pursuant to S. 295(5) of the Corporations Act 2001.

On behalf of the Directors.

Sally Denny
CHAIRPERSON OF DIRECTORS

Michael Wisby
MEMBER OF BOARD OF DIRECTORS

22 August 2003
HOBART

Metro Independent Audit Report

To the Members of Metro Tasmania Pty Ltd

Scope

I have audited the financial report of Metro Tasmania Pty Ltd for the financial year ended 30 June 2003, consisting of the Statement of Financial Performance, Statement of Financial Position, Cash Flow Statement , accompanying notes and the Directors' Declaration. The Company's Directors are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the Members of the Company.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Corporations Act 2001 so as to present a view which is consistent with my understanding of the financial position of the Company, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report of Metro Tasmania Pty Ltd is in accordance with:

(a) The Corporations Act 2001, including:

- (i) Giving a true and fair view of the company's financial position as at 30 June 2003 and of its performance for the year ended on that date; and
- (ii) Complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) Other mandatory professional reporting requirements in Australia.

TASMANIAN AUDIT OFFICE

D W R Baulch
Deputy Auditor-General

For the Auditor-General

5 September 2003
HOBART

Statement of Financial Position
as at 30th June 2003

	Note	Consolidated 2003 $000's	Consolidated 2002 $000's	Company 2003 $000's	Company 2002 $000's
Current Assets					
Cash Assets		4 599	3 704	4 598	3 703
Receivables	2	652	863	611	823
Inventories	3	795	742	791	741
Other Financial Assets	4	5 688	2 695	5 688	2 695
Other	5	560	497	550	487
Total Current Assets		12 294	8 501	12 238	8 449
Non-Current Assets					
Other Financial Assets	4	0	2 630	0	2 630
Property, Plant and Equipment	6	24 538	26 039	23 546	24 890
Intangibles	7	95	111	0	0
Other	8	193	193	1 593	1 593
Total Non-Current Assets		24 826	28 973	25 139	29 113
Total Assets		37 120	37 474	37 377	37 562
Current Liabilities					
Payables		2 018	2 726	2 442	2 928
Interest-Bearing Liabilities	9	169	4	169	4
Provisions	10	5 511	4 474	5 478	4 448
Total Current Liabilities		7 698	7 204	8 089	7 380
Non-Current Liabilities					
Interest-Bearing Liabilities	9	2 861	3 030	2 861	3 030
Provisions	10	9 775	10 052	9 749	10 033
Total Non-Current Liabilities		12 636	13 082	12 610	13 063
Total Liabilities		20 334	20 286	20 699	20 443
Net Assets		16 786	17 188	16 678	17 119
Equity					
Contributed Equity	11	15 503	15 502	15 503	15 502
Reserves	12	1 017	1 192	954	1 120
Retained Profits	13	266	494	221	497
Total Equity	14	16 786	17 188	16 678	17 119

The Statement of Financial Position is to be read in conjunction with the accompanying Notes to the Financial Statements.

Statement of Financial Performance
for the year ended 30th June 2003

	Note	Consolidated 2003 $000's	Consolidated 2002 $000's	Company 2003 $000's	Company 2002 $000's
Revenue					
Revenue from Traffic Operations		28 877	27 952	27 555	26 699
Other Revenues from Ordinary Activities		1 169	1 653	1 352	1 789
		30 046	29 605	28 907	28 488
Expenses					
Traffic Operations		(22 263)	(21 420)	(21 458)	(20 624)
Engineering and Maintenance Services		(3 956)	(4 100)	(3 740)	(3 843)
Administration and General		(3 532)	(3 445)	(3 461)	(3 385)
Borrowing Cost Expense		(215)	(227)	(215)	(227)
		(29 966)	(29 192)	(28 874)	(28 079)
Profit/(Loss) From Ordinary Activities Before Taxation Equivalent	18	80	413	33	409
Taxation Equivalent Benefit Relating to Ordinary Activities	20	-	-	-	-
Net Profit/(Loss)		80	413	33	409
Non-Owner Transaction Changes in Equity					
Net increase / (Decrease) in Equity on the Initital Adoption of Revised AASB 1028 'Employee Benefits'		(482)	0	(474)	0
Total Revenue, Expense and Valuation Adjustments Attributable to Members of the Parent Entity Recognised Directly in Equity		(482)	0	(474)	0
Total Changes in Equity Other Than Those Resulting from Transactions with Owners as Owners	14	(402)	413	(441)	409

The Statement of Financial Performance is to be read in conjunction with the accompanying Notes to the Financial Statements.

Metro

Statement of Cash Flows
as at 30th June 2003

	Note	Consolidated 2003 $000's	Consolidated 2002 $000's	Company 2003 $000's	Company 2002 $000's
Cash Flows From Operating Activities					
Inflows					
Receipts from Customers		30 848	29 969	29 860	29 010
		30 848	29 969	29 860	29 010
Outflows					
Payments to Suppliers and Employees		27 931	25 274	27 043	24 374
Payments for Interest Expense		215	227	215	227
		28 146	25 501	27 258	24 601
Net Cash Provided by Operating Activities	19(c)	2 702	4 468	2 602	4 409
Cash Flows From Investing Activities					
Inflows					
Interest on Securities and Lending		458	384	594	520
Proceeds on Sale Fixed Assets		996	791	957	708
Proceeds on Disposal of Securities		5 547	0	5 547	0
		7 001	1 175	7 098	1 228
Outflows					
Purchase of Property, Plant and Equipment		2 608	2 899	2 605	2 893
Purchase of Securities		5 910	298	5 910	298
		8 518	3 197	8 515	3 191
Net Cash Used in Investing Activities	19(b)	(1 517)	(2 022)	(1 417)	(1 963)
Cash Flows From Financing Activities					
Inflows					
Proceeds from Borrowings		0	2 792	0	2 792
		0	2 792	0	2 792
Outflows					
Retirement of Private Borrowings		0	2 792	0	2 792
Retirement of Treasury Loans		4	71	4	71
Payment of Dividend		286	0	286	0
		290	2 863	290	2 863
Net Cash Used in Financing Activities		(290)	(71)	(290)	(71)
Net Increase in Cash Held		895	2 375	895	2 375
Cash at Beginning of Financial Year		3 704	1 329	3 703	1 328
Cash at End of Financial Year	19(a)	4 599	3 704	4 598	3 703

The Statement of Cash Flows is to be read in conjunction with the accompanying Notes to the Financial Statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) General

Metro Tasmania Pty Ltd was incorporated on 2 February 1998 under the Metro Tasmania Act 1997. This company is the successor in law of Metropolitan Transport Trust. On the date of incorporation the property of the Trust was vested in Metro Tasmania Pty Ltd and the liabilities of the Trust became the liabilities of Metro Tasmania Pty Ltd.

Shares issued to the members of the Company (2 shares at $1 each) are held in trust for the Crown by the Stakeholder Minister (The Treasurer) and the Portfolio Minister (Minister for Infrastructure).

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with applicable Accounting Standards, Urgent Issues Groups Consensus Views and the Corporations Act 2001.

The financial statements have been prepared on an historical cost basis and do not take into account changing money values.

(b) Change in Accounting Policy

Employee Benefits

The Company has applied the revised AASB 1028 'Employee Benefits' for the first time from 1 July 2002.

The liability for wages and salaries, annual leave and long service leave is now calculated using remuneration rates the Company expects to pay to settle the entitlements at each reporting date, not wage and salary rates current at reporting date. In the past payroll tax was included in the calculation of employee benefits. From 1 July 2002, superannuation and workers' compensation on-costs have also been included in the calculation of employee benefits.

The initial adjustments as at 1 July 2002 as a result of the change are:

CONSOLIDATED	COMPANY	
$ 417,291	$ 410,216	increase in provision for employee benefits
$ 65,090	$ 64,143	increase in accrued wages
$ 482,381	$ 474,359	decrease in opening retained profits

As a result of this change in accounting policy, consolidated employee benefits increased by $52,739 and accrued wages increased by $7,776 for the current year to 30 June 2003 ($51,758 and $7,732 respectively for the Company).

Provisions

The Company has applied the revised AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets' for the first time from 1 July 2002.

Dividends are now recognised at the time they are declared, determined or publicly recommended. Previously, final dividends were recognised in the financial year in which they related, even though the dividends were announced after the reporting date.

The adjustments as at 1 July 2002 as a result of the change are:

$ 286,470	increase in opening retained profits
$ 286,470	decrease in provision for dividends

There was no impact on profit for the current financial year to 30 June 2003.

Restatement of Comparative Information

The pro forma statements of financial performance, the restatement of retained profits, provision for dividends and current provisions for employee benefits below show the information that would have been disclosed had the new accounting policies disclosed in this note always been applied.

COMPANY	2003 $000's (restated)	2002 $000's (restated)
PRO FORMA STATEMENT OF FINANCIAL PERFORMANCE		
Profit From Ordinary Activities Before Employee Benefits And Taxation Equivalent	1,514	1,618
Employee Benefit Expense Before Change In Accounting Policy	(1,422)	(1,209)
Effect Of Change In Accounting Policy (Employee Benefits)	(59)	(25)
Employee Benefits Expense	(1,481)	(1,234)
Profit From Ordinary Activities Before Taxation Equivalent	33	384
Taxation Equivalent Benefit Relating To Ordinary Activities	0	0
Restated Profit From Ordinary Activities After Taxation Equivalent	33	384
RESTATEMENT OF RETAINED PROFITS		
Reported Retained Profits At The End Of The Previous Year	497	398
Increase / (Decrease) In Retained Profits Due To Change In Accounting Policy On Adoption Of:		
Revised AASB 1028 'Employee Benefits'	(474)	(449)
Revised AASB 1044 'Provisions, Contingent Liabilities And Contingent Assets'	286	0
Restated Retained Profits At Beginning Of The Year	309	(51)
Net Profit	33	384
Aggregate Of Amounts Transferred From Reserves	165	(24)
Dividends Provided For Or Paid	(286)	0
Restated Retained Profits At End Of Year	221	309
RESTATEMENT OF PROVISION FOR DIVIDENDS		
Balance At End Of Year - As Previously Reported	0	286
Effect Of Change In Accounting Policy	0	(286)
Restated Balance At End Of Year	0	0
RESTATEMENT OF CURRENT PROVISION FOR EMPLOYEE BENEFITS (COMPENSATED BENEFITS)		
Balance At End Of Year - As Previously Reported	2,754	2,256
Effect Of Change In Accounting Policy	0	353
Restated Balance At End Of Year	2,754	2,609
RESTATEMENT OF NON-CURRENT PROVISION FOR EMPLOYEE BENEFITS (COMPENSATED BENEFITS)		
Balance At End Of Year - As Previously Reported	545	480
Effect Of Change In Accounting Policy	0	57
Restated Balance At End Of Year	545	537
RESTATEMENT OF CURRENT PAYABLES		
Balance At End Of Year - As Previously Reported	2,442	2,928
Effect Of Change In Accounting Policy (Adjustment To Accrued Wages Component Of Payables Balance At 30 June)	0	64
Restated Balance At End Of Year	2,442	2,992

CONSOLIDATED	2003 $000's (restated)	2002 $000's (restated)
PRO FORMA STATEMENT OF FINANCIAL PERFORMANCE		
Profit From Ordinary Activities Before Employee Benefits And Taxation Equivalent	1,589	1,643
Employee Benefit Expense Before Change In Accounting Policy	(1,449)	(1,230)
Effect Of Change In Accounting Policy (Employee Benefits)	(60)	(24)
Employee Benefits Expense	(1,509)	(1,254)
Profit From Ordinary Activities Before Taxation Equivalent	80	389
Taxation Equivalent Benefit Relating To Ordinary Activities`	0	0
Restated Profit From Ordinary Activities After Taxation Equivalent	80	389
RESTATEMENT OF RETAINED PROFITS		
Reported Retained Profits At The End Of The Previous Year	494	353
Increase / (Decrease) In Retained Profits Due To Change In Accounting Policy On Adoption Of:		
Revised AASB 1028 'Employee Benefits'	(482)	(458)
Revised AASB 1044 'Provisions, Contingent Liabilities And Contingent Assets'	286	0
Restated Retained Profits At Beginning Of The Year	298	(105)
Net Profit	80	389
Aggregate Of Amounts Transferred From Reserves	174	14
Dividends Provided For Or Paid	(286)	0
Restated Retained Profits At End Of Year	266	298
RESTATEMENT OF PROVISION FOR DIVIDENDS		
Balance At End Of Year - As Previously Reported	0	286
Effect Of Change In Accounting Policy	0	(286)
Restated Balance At End Of Year	0	0
RESTATEMENT OF CURRENT PROVISION FOR EMPLOYEE BENEFITS (COMPENSATED BENEFITS)		
Balance At End Of Year - As Previously Reported	2,787	2,282
Effect Of Change In Accounting Policy	0	357
Restated Balance At End Of Year	2,787	2,639
RESTATEMENT OF NON-CURRENT PROVISION FOR EMPLOYEE BENEFITS (COMPENSATED BENEFITS)		
Balance At End Of Year - As Previously Reported	570	499
Effect Of Change In Accounting Policy	0	60
Restated Balance At End Of Year	570	559
RESTATEMENT OF CURRENT PAYABLES		
Balance At End Of Year - As Previously Reported	2,018	2,726
Effect Of Change In Accounting Policy (Adjustment To Accrued Wages Component Of Payables Balance At 30 June)	0	65
Restated Balance At End Of Year	2,018	2,791

(c) Basis of Valuation of Fixed Assets

Fixed assets have been valued at cost, with the exception of land, buildings and the bus fleet, which were independently valued at 30 June 2001 which equates to fair value. Refer Notes 6(b) and 6(c).

(d) Borrowings

Loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accruals basis.

(e) Depreciation

Fixed assets other than freehold land and the bus fleet have been depreciated over their useful lives using the straight line method. The following estimated useful lives are used in calculation of depreciation:

Buildings	40 years
Route Infrastructure	10 years
Other Plant and Equipment	10 years
Electronic Ticketing	5 years
Information Technology Equipment	4 years
Auxiliary Vehicles	4 years

The bus fleet has been depreciated using the depreciation profile recommended in Andersen's 2001 valuation report, the "Adjusted Industry Rule of Thumb".

(f) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except for receivables and payables that are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from the ATO, are classified as operating cash flows.

(g) Licences

Licences held by the subsidiary company, which allow it to operate timetabled services on specified routes and provide charter services have been recorded at cost and amortised on a straight line basis over a period of 10 years.

(h) Investments

Funds are invested as authorised by the Trustee Act 1898. Funds are managed by an external fund manager. The fund manager was changed from Alliance to Tascorp in December 2002 with a mandate to invest in a "cash indexed guarantee fund" as authorised by the Trustee Act 1898. Interest income is brought to account on the basis of the fund book value. Investments are carried at the lower of cost and recoverable amount.

(i) Inventories

Inventories have been valued at the lower of average cost or net realisable value, with the exception of reconditioned stock which is valued at the lower of historic cost or net realisable value. Inventories consist of bus spare parts, fuel and consumable stores.

(j) Employee Benefits

(i) Retirement Benefits Fund Entitlements

The provision for Retirement Benefits covers employees who are contributory members, former employees in receipt of pension, and preserved entitlements retained for former employees. With respect to contributors, their scheme is a defined benefits scheme.

Each year, the State Actuary conducts a valuation of the past service and accrued liabilities within the Retirement Benefits Fund defined benefit scheme at the reporting date. Any shortfall between the value of these benefits and the market value of the Retirement Benefits Fund assets relevant for those members determines the value of any unfunded superannuation liability, and is shown as a liability in the Statement of Financial Position.

The funding status of Metro Tasmania's share of the defined benefit schemes at the reporting date, based on actuarial valuations, is summarised as follows:

Retirement Benefits Act 1993	30 June 2003 $
Vested Benefits	17,644,219
Accrued Benefits	16,086,094
Net Market Value of Plan Assets	4,498,916
Deficit	11,587,178

The assumptions that were used to determine these amounts are set out in a Report prepared by Price Waterhouse Coopers, dated July 2003. The main economic assumptions were:

Discount Rate	7.0% p.a.
Salary Increase Rate	4.0% p.a.
AWOTE Increases	3.5% p.a.
CPI Increases	2.5% p.a.

(ii) Compensated Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and it is capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave and long service leave, expected to be settled within 12 months of the reporting date, have been calculated at undiscounted amounts based on remuneration rates that Metro expects to pay including related on-costs in accordance with AASB 1028 'Employee Benefits'.

The provision for long service leave not expected to be settled within 12 months of the reporting date is measured as the net present value of the estimated future cash outflows to be made resulting from past service of employees up to the reporting date. The provision is calculated using expected future increases in wage and salary rates including related on-costs. The expected settlement dates have been adjusted for turnover history and is discounted using the Wage Inflation and Discount Rate supplied by the Department of Treasury and Finance.

Sick leave entitlements are non-vesting and are expensed as incurred; consequently no provision has been made in the financial statements.

(k) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation, the timing or amount of which is uncertain.

Dividends

Provisions for dividends payable are recognised in the reporting period in which they are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

(l) Taxation

The Company adopts the liability method of tax-effect accounting whereby the income tax equivalent expense shown in the Statement of Financial Performance is based on the operating profit before income tax equivalent adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax equivalents and taxable income, are brought to account as either provision for deferred income tax equivalent or an asset described as future income tax equivalent benefit at the rate of income tax equivalent applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax equivalent benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax equivalent benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income and comply with conditions of deductibility imposed by the law. Refer Note 20(b).

Legislation to allow groups, comprising of a parent entity and its wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantially enacted on 21 October 2002. The legislation, which includes both mandatory and elective elements is applicable to Metro Tasmania Pty Ltd.

The Directors have elected for those entities within the consolidated entity, Metro Tasmania Pty Ltd and Metro Coaches (Tas) Pty Ltd, to be taxed as a single entity from 1 July 2003.

The financial effect of the adoption of the tax consolidation system has not been recognised in the financial statements. Preliminary calculations performed have indicated that the impact on the financial statements of the consolidated entity is not expected to be material.

(m) Principles of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the economic entity, being Metro Tasmania Pty Ltd (the parent entity) and its controlled entity Metro Coaches (Tas) Pty Ltd. Refer Note 24. Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of Metro Coaches (Tas) Pty Ltd from the date on which the company obtained control.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the economic entity are eliminated in full.

(n) Revenue Recognition

Traffic operation revenue is recognised at the time the service is provided.

(o) Segment Reporting

Metro Tasmania Pty Ltd operates bus services in Hobart, Launceston and Burnie. There are no reportable segments as the economic risks and returns in each location are relatively the same given the CSA contract with Government.

Notes to and Forming Part of the Financial Statements as at 30th June 2003

2. Receivables

	Consolidated		Company	
	2003 $000's	2002 $000's	2003 $000's	2002 $000's
Accounts Receivable	653	873	612	833
Less Provision for Doubtful Debts	(1)	(10)	(1)	(10)
	652	863	611	823
Movements in Provision for Doubtful Debts				
Balance Brought Forward	10	7	10	7
Add Increase / (Less Decrease) to Provision	6	7	6	7
	16	14	16	14
Less Amounts Written Off	(15)	(4)	(15)	(4)
Balance Brought Forward	1	10	1	10

All delinquent accounts have been reviewed and it is considered that the provision $1,458 (2002 $10,176) is adequate. Debts of $15,171 (2002 $4,488) have been written off as unrecoverable.

3. Inventories

	Consolidated		Company	
	2003 $000's	2002 $000's	2003 $000's	2002 $000's
Inventories	861	814	857	813
Less Provision for Obsolescence	(66)	(72)	(66)	(72)
	795	742	791	741
Movements in Provision for Stock Obsolescence				
Balance Brought Forward	72	67	72	67
Add Adjustment to Provision	0	5	0	5
	72	72	72	72
Less Disposals and Amounts Written Off	(6)	0	(6)	0
Balance Brought Forward	66	72	66	72

Provision of $65,780 (2002 $72,250) has been made for obsolete and damaged stock and to reduce the value of stock to the lower of average cost (with the exception of reconditioned stock which is at historical cost) or realisable value.

4. Other Financial Assets

		Consolidated		Company	
		2003 $000's	2002 $000's	2003 $000's	2002 $000's
Shares in Controlled Entity - One $1 Share	Note 24	0	0	0	0
Managed Funds					
Cash at Bank and Fixed Interest		0	2 695	0	2 695
Securities Maturing After One Year		0	2 630	0	2 630
Cash Indexed Guaranteed Fund		5 688	0	5 688	0
		5 688	5 325	5 688	5 325
Current Investments - At Market Value		5 688	2 695	5 688	2 695
Non-Current Investments - At Market Value		0	2 630	0	2 630
		5 688	5 325	5 688	5 325

5. Other Current Assets

	Consolidated 2003 $000's	Consolidated 2002 $000's	Company 2003 $000's	Company 2002 $000's
Prepayments	560	497	550	487

6. Property, Plant and Equipment

Company	Balance at 1 July 2002 $000's	Additions $000's	Disposals $000's	Revaluation $000's	Balance at 30 June 2003 $000's
Gross Carrying Amount					
Land & Buildings - At Independent Valuation June 2001	8 716	26	(850)	0	7 892
Route Infrastructure - At Cost	1 774	89	0	0	1 863
Office Equipment - At Cost	2 951	276	(490)	0	2 737
Electronic Ticketing & Communication Equipment - At Cost	3 723	0	(267)	0	3 456
Plant & Equipment - At Cost	1 182	62	(243)	0	1 001
Auxiliary Vehicles - At Cost	492	93	(90)	0	495
Buses - At Independent Valuation June 2001	16 995	2 068	(66)	0	18 997
Work in Progress - At Cost	52	0	(9)	0	43
	35 885	2 614	(2 015)	0	36 484

Company	Balance at 1 July 2002 $000's	Additions $000's	Disposals $000's	Revaluation $000's	Balance at 30 June 2003 $000's
Accumulated Depreciation					
Land & Buildings - At Independent Valuation June 2001	118	(17)	109	0	210
Route Infrastructure - At Cost	1 415	0	59	0	1 474
Office Equipment - At Cost	2 486	(479)	193	0	2 200
Electronic Ticketing & Communication Equipment - At Cost	3 470	(261)	163	0	3 372
Plant & Equipment - At Cost	1 071	(229)	25	0	867
Auxiliary Vehicles - At Cost	241	(73)	96	0	264
Buses - At Independent Valuation June 2001	2 194	(15)	2 372	0	4 551
Work in Progress - At Cost	0	0	0	0	0
	10 995	(1 074)	3 017	0	12 938

Net Book Value		2003 $000's	2002 $000's
Land & Buildings - At Independent Valuation June 2001	Note 1(c)	7 682	8 598
Route Infrastructure - At Cost		389	359
Office Equipment - At Cost		537	465
Electronic Ticketing & Communication Equipment - At Cost		84	253
Plant & Equipment - At Cost		134	111
Auxiliary Vehicles - At Cost		231	251
Buses - At Independent Valuation June 2001	Note 1(c)	14 446	14 801
Work in Progress - At Cost		43	52
		23 546	24 890

6. Property, Plant and Equipment (continued)

	Consolidated				
	Balance at 1 July 2002 $000's	Additions $000's	Disposals $000's	Revaluation $000's	Balance at 30 June 2003 $000's
Gross Carrying Amount					
Land & Buildings - At Independent Valuation June 2001	8 716	26	(850)	0	7 892
Route Infrastructure - At Cost	1 787	91	0	0	1 878
Office Equipment - At Cost	2 951	277	(490)	0	2 738
Electronic Ticketing & Communication Equipment - At Cost	3 746	0	(267)	0	3 479
Plant & Equipment - At Cost	1 182	62	(243)	0	1 001
Auxiliary Vehicles - At Cost	492	93	(90)	0	495
Buses - At Independent Valuation June 2001	18 239	2 068	(121)	0	20 186
Work in Progress - At Cost	52	0	(9)	0	43
	37 165	2 617	(2 070)	0	37 712

	Consolidated				
	Balance at 1 July 2002 $000's	Additions $000's	Disposals $000's	Revaluation $000's	Balance at 30 June 2003 $000's
Accumulated Depreciation					
Land & Buildings - At Independent Valuation June 2001	118	(17)	109	0	210
Route Infrastructure - At Cost	1 419	0	60	0	1 479
Office Equipment - At Cost	2 486	(479)	193	0	2 200
Electronic Ticketing & Communication Equipment - At Cost	3 475	(261)	165	0	3 379
Plant & Equipment - At Cost	1 071	(229)	25	0	867
Auxiliary Vehicles - At Cost	241	(73)	96	0	264
Buses - At Independent Valuation June 2001	2 316	(22)	2 480	0	4 774
Work in Progress - At Cost	0	0	0	0	0
	11 126	(1 081)	3 128	0	13 173

Net Book Value		2003 $000's	2002 $000's
Land & Buildings - At Independent Valuation June 2001	Note 1(c)	7 681	8 598
Route Infrastructure - At Cost		399	368
Office Equipment - At Cost		538	465
Electronic Ticketing & Communication Equipment - At Cost		100	271
Plant & Equipment - At Cost		134	111
Auxiliary Vehicles - At Cost		231	251
Buses - At Independent Valuation June 2001	Note 1(c)	15 412	15 923
Work in Progress - At Cost		43	52
		24 538	26 039

(a) Disposal of Non-Current Assets

Fixed assets of written down value $994,632 (2002 $720,456) were sold during the year and assets of a written down value of $31,434 (2002 nil) were written off during the year. Gross proceeds of $996,080 (2002 $790,976) were received, resulting in a profit / (loss) on sale of $(29,986) (2002 $70,520).

(b) Valuation of Land and Buildings

An independent valuation of Freehold Land and Buildings was performed as at 30 June 2001 by Mr D. Saunders F.V.L.E. (Val), B.Ec., Dip (Val) of Saunders & Pitt. This valuation was performed on the basis of "Current Market Value in the Existing Use".

(c) Valuation of Buses

An independent valuation of "in service" buses was performed as at 30 June 2001 by Mr R.A. van Raay AAPI, ASA (M&TS), AIMM Certified Practising Valuer (P&M) of Andersen. The valuation was performed on the basis of "Market Value for Existing Use". This approach assumes that the asset could be sold in the market for its existing use.

7. Intangibles

		Consolidated		Company	
		2003 $000's	2002 $000's	2003 $000's	2002 $000's
Licences - At Cost	Note 1 (g)	161	161	0	0
Less Accumulated Amortisation		(66)	(50)	0	0
		95	111	0	0

8. Other Non Current Assets

	Consolidated		Company	
	2003 $000's	2002 $000's	2003 $000's	2002 $000's
Loan to Subsidiary, Metro Coaches (Tas) Pty Ltd	0	0	1 400	1 400
Receivables	193	193	193	193
	193	193	1 593	1 593

9. Interest Bearing Liabilities

	Consolidated		Company	
	2003 $000's	2002 $000's	2003 $000's	2002 $000's
Private Borrowings at Consideration	2 792	2 792	2 792	2 792
Treasury Borrowings	238	242	238	242
Total Borrowings	3 030	3 034	3 030	3 034
Movements in Borrowings				
Current				
Not Later Than One Year	169	4	169	4
Non-Current				
Later Than 1 Year and Not Later Than 2 Years	69	169	69	169
Later Than 2 Years and Not Later Than 5 Years	2 792	2 861	2 792	2 861
	2 861	3 030	2 861	3 030
Total Borrowings	3 030	3 034	3 030	3 034

Metro

Notes to and Forming Part of the Financial Statements as at 30th June 2003

10. Provisions

		Consolidated		Company	
		2003 $000's	2002 $000's	2003 $000's	2002 $000's
Current					
Dividends	Note 21	0	286	0	286
Retirement Benefits	Note 1(j)(i)	2 382	1 722	2 382	1 722
Compensated Benefits*	Note 1(b), 1(j)(ii)	2 787	2 282	2 754	2 256
Workers Compensation		184	184	184	184
Revenue Maintenance Payment		158	0	158	0
		5 511	4 474	5 478	4 448
Non-Current					
Retirement Benefits	Note 1 (j)(i)	9 205	9 553	9 205	9 553
Compensated Benefits*	Note 1(b), 1(j)(ii)	570	499	545	480
		9 775	10 052	9 749	10 033
		15 286	14 526	15 228	14 481

*The aggregate employee benefits as at 30 June 2003 are $4,030,636 (2002 $3,294,418)
Annual Leave $1,190,213 (2002 $928,621)
Long Service Leave $2,167,950 (2002 $1,853,056)
Accrued Wages $672,473 (2002 $512,741) (disclosed in payables)

11. Contributed Equity

	Consolidated		Company	
	2003 $000's	2002 $000's	2003 $000's	2002 $000's
Issued Capital				
Two shares of $1 each				
Equity	15 502	15 501	15 502	15 501
Add Transfer from Retained Profits				
Commonwealth Contributions - National Debt Commission	1	1	1	1
	15 503	15 502	15 503	15 502

12. Reserves

	Consolidated		Company	
	2003 $000's	2002 $000's	2003 $000's	2002 $000's
Reserves Comprise				
Asset Revaluation Reserve	1 017	1 192	954	1 120
Movements in Reserves - Asset Revaluation Reserve				
Balance at Beginning of Financial Year	1 192	1 207	1 120	1 097
Revaluation of Land	0	0	0	0
Revaluation of Buildings	0	0	0	0
Revaluation of Bus Fleet	0	0	0	0
Disposal of Revalued Buses	(10)	(15)	(1)	23
Disposal of Revalued Land	5	0	5	0
Disposal of Revalued Building	(170)	0	(170)	0
Balance at End of Financial Year	1 017	1 192	954	1 120

The asset revaluation reserve arises on revaluation of non-current assets. Where a revalued asset is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred to retained profits.

13. Retained Profits

	Consolidated		Company	
	2003 $000's	2002 $000's	2003 $000's	2002 $000's
Balance at Beginning of Financial Year	494	353	497	398
Net Profit / (Loss)	80	413	33	409
Transfer from Asset Revaluation Reserve	175	15	166	(23)
Transfer to Contributed Equity on Formation	(1)	(1)	(1)	(1)
Transactions With Owners as Owners:				
Dividends	0	(286)	0	(286)
Increase / (Decrease) in Retained Profits Due to Change In Accounting Policy on Adoption of:				
Revised AASB 1028 "Employee Benefits"	(482)	0	(474)	0
Balance at End of Financial Year	266	494	221	497

14. Total Equity

	Consolidated		Company	
	2003 $000's	2002 $000's	2003 $000's	2002 $000's
Total Equity at Beginning of Financial Year	17 188	17 061	17 119	16 996
Total Changes in Equity Recognised in the Statement of Financial Performance	80	413	33	409
Increase / (Decrease) in Equity Due to Change in Accounting Policy on Adoption of:				
Revised AASB 1028 "Employee Benefits"	(482)	0	(474)	0
Transactions with Owners as Owners:				
Dividends	0	(286)	0	(286)
Total Equity at End of Financial Year	16 786	17 188	16 678	17 119

15. Individually Significant Items

	Consolidated		Company	
	2003 $000's	2002 $000's	2003 $000's	2002 $000's
Individually Significant Items that are Included in Profit from Ordinary Activities before Taxation Equivalent				
Receipt of Superannuation Liabilities for Employees Transferred from Other Agencies	0	336	0	336

16. Directors' Remuneration

The Board of Directors of Metro Tasmania Pty Ltd was composed of the following individuals during 2003:

Ms Sally Denny (Chairperson)
Mr Michael Wisby (Deputy Chairperson)
Ms Ketrina Clarke
Mr Fred Van Buren
Ms Janie Dickenson (from 26 March 2003)

Directors fees of $48,719 (2002 $50,745) and superannuation contributions of $4,189 (2002 $3,735) were paid in the period to 30 June 2003.

	Company	
	2003 No.	2002 No.
The number of Directors whose total remuneration falls within each successive $10 000 band of income:		
$0 - $9,999	3	4
$10,000 - $19,999	1	0
$20,000 - $29,999	1	1

There were no transactions with Directors or Director related entities during the financial year.

17. Auditor's Remuneration

	Consolidated		Company	
	2003 $000's	2002 $000's	2003 $000's	2002 $000's
Amounts payable to the Auditor-General in respect of Auditing the Financial Report for year ended 30 June 2003	46 700	45 430	46 700	45 430

18. Profit from Ordinary Activities

Profit from ordinary activities before income tax includes the following items of revenue and expense:

	Consolidated		Company	
	2003 $000's	2002 $000's	2003 $000's	2002 $000's
Operating Revenue				
Traffic Operations	28 877	27 952	27 555	26 699
Interest Revenue	458	384	594	520
Advertising Income	356	349	336	333
Rental Income	88	173	88	173
Other Income	297	677	355	687
Non Operating Revenue				
Net Profit / (Loss) from Sale of Property, Plant and Equipment	(30)	70	(21)	76
Operating Expenses				
Amortisation Expense	16	16	0	0
Depreciation Expense	3 128	2 975	3 017	2 839
Bad & Doubtful Debts Expense	6	7	6	7

19. Notes to the Statement of Cash Flows

(a) For Purposes of the Statement of Cash Flows, Cash is Considered to Include Cash on Hand and in Banks but Excludes Cash Held as an Investment

	Consolidated		Company	
	2003 $000's	2002 $000's	2003 $000's	2002 $000's
Cash as shown in the Statement of Cash Flows is reconciled to the beginning and end of financial year as follows;-				
Cash at Bank and at Call	4 599	3 704	4 598	3 703
	4 599	3 704	4 598	3 703

(b) Cash Related to Investing Activities

Interest earned on investments, held to fund superannuation liabilities, has been treated as cash from investing activities.

(c) Reconciliation of Net Cash Provided by Operating Activities to Profit from Ordinary Activities after Related Taxation Equivalent:

	Consolidated		Company	
	2003 $000's	2002 $000's	2003 $000's	2002 $000's
Profit from Ordinary Activities after Related Taxation Equivalent	80	413	33	409
Add Depreciation	3 128	2 975	3 017	2 839
Add Amortisation	16	16	0	0
Add Increase / (Less Decrease) in Provision for Doubtful Debts	(9)	3	(9)	3
(Less Increase) / Add Decrease in Debtors and Other Receivables	95	(426)	319	(186)
Add Increase / (Less Decrease) in Provision for Inventory Obsolescence	(6)	5	(6)	5
(Less Increase) / Add Decrease in Inventory	(47)	(51)	(44)	(52)
Add Increase / (Less Decrease) in Accounts Payable	(568)	961	(569)	962
Add Increase / (Less Decrease) in Provision for Revenue Maintenance Payment	158	0	158	0
Add Increase / (Less Decrease) in Employee Entitlements	471	680	464	679
Less Income from Loan to Subsidiary	0	0	(136)	(136)
(Less Profit) / Add Loss on Sale of Fixed Assets	30	(70)	21	(76)
Less Income from Investments	(458)	(384)	(458)	(384)
Add Decrease / (Less Increase) in Provision for Workers Compensation	0	137	0	137
Movement in Market Valuation of Investments	(55)	55	(55)	55
Add Increase / (Less Decrease) in GST Control	(133)	154	(133)	154
Net Cash Provided by Operating Activities	2 702	4 468	2 602	4 409

20. Taxation Equivalents

(a) The Prima Facie Tax on Operating Profit is Reconciled to the Taxation Equivalent Payable Provided in the Financial Statements as Follows

		Consolidated		Company	
		2003 $000's	2002 $000's	2003 $000's	2002 $000's
Profit from Ordinary Activities Before Taxation Equivalent		80	413	33	409
Prima Facie Tax Payable on Profit From Ordinary Activities Before Income Tax at 30%		24	124	10	123
Add Tax Effect Of					
Non-Deductible Depreciation on Buildings		33	35	33	35
Amortisation of Intangible Assets		5	5	0	0
Depreciation on Revaluation Increments		6	7	6	0
Non-Deductible Expenses		10	9	7	15
		54	56	46	50
Subtract Tax Effect Of					
Building Allowance Write-Off		(125)	(130)	(125)	(130)
Other		(113)	0	(113)	0
Timing Differences and Tax Losses Not Brought to Account As Provision For Deferred Income Tax	Note 20(b)	160	(50)	182	(43)
		(78)	(180)	(56)	(173)
Income Tax Equivalent Expense Attributable to Operating Profit / (Loss) Before Income Tax		0	0	0	0

(b) Future Income Tax Benefit Not Brought to Account, the Benefit of Which Will Only be Realised if the Conditions for Deductibility Set Out in Note 1(k) Occur

	Consolidated		Company	
	2003 $000's	2002 $000's	2003 $000's	2002 $000's
Timing Difference	2 186	1 526	2 302	1 609
Tax Losses	4 980	5 480	4 876	5 387
	7 166	7 006	7 178	6 996

21. Dividends

	Consolidated		Company	
	2003 $000's	2002 $000's	2003 $000's	2002 $000's
Dividends Provided for the Financial Year	0	286	0	286

22. Commitments and Contingent Liabilities

	Consolidated		Company	
	2003 $000's	2002 $000's	2003 $000's	2002 $000's
Capital Expenditure Commitments				
Not longer than one year - contracted	3 410	5 436	3 410	5 436

Contingent Liabilities

Dispute with supplier of goods. Metro is advised that the estimated cost will not exceed $85 000.
Metro believes the claim can be successfully defended and therefore no loss will be incurred.

23. Economic Dependency

A significant volume of Metro's operations are performed under contract to the State Government. The current contract will expire on 30 June 2004. Revenue received under the service contract for the year ended 30 June 2003 was $19,990,513

24. Controlled Entity

	Country of Incorporation	Ownership Interest	
Parent Entity			
Metro Tasmania Pty Ltd	Australia		
Controlled Entity			
Metro Coaches (Tas) Pty Ltd	Australia	100%	from 7 May 1999

25. Financial Instruments

Cash

Cash is measured at nominal amounts. Exposure to interest rate and credit risks is considered to be minimal.

Receivables

Trade receivables and other receivables are recorded at nominal amounts due less any provision for doubtful debts (Note 2). A significant volume of Metro's operations are performed for the State Government or are received as cash fares. Accordingly, exposure to credit risk is minimal. Trade receivables are recognised on delivery of services to customers.

Investments

Metro's investment portfolio as per Note 4 is brought to account at lower of "written up book value" or "market value" which equates to fair value (in respect of 2002).

25. Financial Instruments (continued)

	Weighted Average Coupon Rate (i)	2002 Fixed Interest Maturing in: Less Than 1 Year $000's	1 Year to 5 Years $000's	More Than 5 Years $000's	Total 2002 $000's
Commonwealth Government	8.47%	0	1 151	355	1 506
Semi-Government	7.22%	0	1 049	75	1 124
		0	2 200	430	2 630
Add Cash and Deposits		3 092	0	0	2 695
Total Managed Funds		3 092	2 200	430	5 325

Calculated as the face value multiplied by the coupon rate and then expressed as a percentage of the market value.

Accounts Payable
Accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods or services. Measurement is based on the agreed purchase/contract cost. The amounts are unsecured and are normally settled within 30 days.

Borrowings
Borrowings are carried on the Statement of Financial Position at their face value. Private borrowings are interest only, at a rate of 6.35% and mature on 16 March 2005. The term of Treasury loan funds is to 1 July 2005 and they are subject to a weighted average interest rate of 8.65% plus guarantee fees. The net fair value of the loans at 30 June 2003 using discounted cash flow analysis based on similar types of borrowing arrangements has been estimated as follows:

	Net Fair Value
Private Borrowings	$2,922,771
Treasury Borrowings	$251,287

Refer to Note 9 for timing of future repayments.
Interest expense is accrued at the contracted rate and is included in payables.

Attachment A

Metro staff successfully completing the following:

Certificate II in Transport and Distribution (Road Transport)

Anderson	Wendy
Boon	Jacklyn
Chatwin	Ann
Dedenczuk	Karen
Driver	Kylie
Gardam	Cheryl
Kerr	Susan
Klug	Debra
Luckie	Diane
McCabe	Jennifer
Moore	Frances
Sturmann	Jane
White	Sandra
Wicox	Helen

Certificate III in Transport and Distribution (Road Transport)

Adair	Alison
Alsford	Terry
Anderson	Diane
Arnold	Geoffrey
Ashlin	Greg
Bradburn	Jenny
Brockman	Vicki
Brooks	Nicholas
Brown	Natalie
Carroll	Pamela
Carter	Glenn
Chivers	Roslyne
Clark	Kathryn
Clark	Catherine
Connaire	Sinead
Corbett	Lee
Crans	Jenny
Dare	Debra
Dennison	Heather
Dunn	Natalie

Certificate III in Transport and Distribution (Road Transport) ***continued***

Ford	Lee
Ford	Donna
Fraser	Lynette
Frerk	Joanne
Ginn	Cheryl
Gobbey	Sandra
Goss	Michelle
Grace	Deborah
Hardman	Cheryle
Harper	Stacy
Harvey	Neil
Hayes	Joanne
Higgs	Tracy
Hynes	Elizabeth
Jackman	Allana
Jacobs	Helena
Johns	Michelle
Jones	Debra
Jordan	Michelle
Kinsella	Kellie
Larkin	Carol
Lowe	Kathleen
Masters	Katrina
McCarthy	Vicki
McDonald	Richard
Mitchell	Dianne
Moore	Bernice
Mulloy	Teresa
Nicholson	Shannon
Parker	Kenneth
Penfold	Gregory
Prestedge	Rob
Purcell	Gail
Rainsford	Carolyn
Richardson	Katrina
Richardson	Gayleen

Certificate III in Transport and Distribution (Road Transport) continued

Riley	Samantha
Rodman	Lynette
Rowe	Leeanne
Saunders	Tina
Sengstock	Heather
Simonetis	Samantha
Smith	Colin
Sullivan	Lisa
Thorne	Gregory
West	Peter
Woolley	Kathie

Certificate IV in Transport and Distribution (Road Transport)

Wiggins	Adrian

Certificate IV in Assessment and Workplace Training

Bailey	Ian
Dunsby	Steven
Lockley	Stephen
Wozniak	Ricki

Certificate IV in Business

Barber	Donna
Fitzallen	Cheryl
Foster	Louise
Kirby	Michael
Laszczak	Monika

Certificate IV in Frontline Management

Brown	Kevin
Gulliver	Nick
Jago	Tony
Talbot	Peter